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April 5, 2012

Ms. Alanna Gillis  
Acting Commission Secretary  
British Columbia Utilities Commission  
Sixth Floor – 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Ms. Gillis:

**RE: Project No. 3698640  
British Columbia Utilities Commission (BCUC)  
British Columbia Hydro and Power Authority (BC Hydro)  
Application for a Certificate of Public Convenience and Necessity (CPCN)  
for the Dawson Creek/Chetwynd Area Transmission (DCAT) Project (the  
Application)  
BC Hydro's Reply to Interveners' Procedural Comments**

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BC Hydro is in receipt of the submissions filed in response to Exhibit A-27 regarding the reactivation of the DCAT hearing process. In its letter, the BCUC asked parties to comment on whether they intended to file intervener evidence, whether any issues could be removed from the scope of the hearing as suggested by BC Hydro in Exhibit B-22 and whether a procedural conference, tentatively scheduled for April 16, 2012, was necessary.

The majority of those making submissions supporting BC Hydro's request to narrow the scope of the hearing indicated no desire to file intervener evidence and did not see the need for a procedural conference. The Ministry added to the record by identifying additional processes that it believed would provide more appropriate forums to consider some of the issues which BC Hydro has suggested are out of scope for this proceeding. BC Hydro recommends these submissions to the BCUC but will restrict this Reply to the four interveners that took a contrary view to BC Hydro's.

**1. Association of Major Power Customers of BC (AMPC)**

AMPC does not oppose reactivating the proceeding and does not believe a procedural conference is necessary. However, it does express concern with BC Hydro's request with respect to the scope of the proceeding and the treatment of its third round of information requests (IRs). AMPC also indicates that it will be filing intervener evidence relating to tariff matters. It suggests determination of further procedural matters should be delayed until another round of IRs and responses has been conducted.

With respect to the scope of the proceeding as it relates to the tariff, AMPC has fundamentally misunderstood BC Hydro's position. BC Hydro accepts that the application of the tariff to customers within the DCAT area is relevant and within scope – indeed, it is clearly a central issue. That is why BC Hydro has tendered evidence on the interpretation of Tariff Supplement No. 6 as it applies to these customers. What BC Hydro has argued is out of scope, is whether or not Tariff Supplement No. 6 continues to be a just and reasonable tariff under the *Utilities Commission Act*. BC Hydro's position in Exhibit B-22 was and remains that the customers who have negotiated in good faith to obtain power from BC Hydro under the existing tariff are entitled to service under that tariff and this proceeding is not the time to consider whether it is appropriate to single them out for special treatment or to redefine the tariff for industrial customers generally.

AMPC (and B.C. Old Age Pensioner Association (**BCOAPO**)) seek to elevate BC Hydro's request to make some very minor amendments to the distribution tariff to bring its security provisions in line with the provisions of the transmission tariff for customers who would typically have taken power at transmission voltage but are opting to take it under distribution voltage so as to be able to obtain more timely service as a concession by BC Hydro that the tariffs as a whole have been placed in issue. With respect, the need for a minor tweak to the terms and conditions associated with one tariff so as to maintain fairness as between a small group of customers in similar circumstances is hardly a basis to turn this inquiry into an examination of the most fundamental principles underlying the tariff.

AMPC also takes issue with BC Hydro's comments with respect to the relevance of the BC Energy Objectives and B.C. Sustainable Energy Association raises a question in that connection as well. As BC Hydro sought to make clear in Exhibit B-22, the B.C. Energy Objectives are clearly relevant to the proceeding, but BC Hydro's approach to trade-offs is not. To the contrary, system planning to serve these objectives has been legislatively determined to be within the IRP process described in the *Clean Energy Act*. For that reason, BC Hydro has submitted that the scope of the questions relating to resource planning in this proceeding should be respectful of the legislative intent to have the primary planning issues resolved through an alternate process.

Finally, AMPC suggests that BC Hydro has not indicated precisely what is within and without of hearing scope. BC Hydro will deal with that suggestion in its closing remarks in this reply.

## 2. **BCOAPO**

BCOAPO submits that it “does not support any restrictions on the scope of information requests and supports a procedural order which provides for responses to IR 3 and sets a fourth round of IRs on the new evidence, in addition to IRs and any intervener evidence.”

It is precisely the call for such a broad based, unfocused and inefficient process that gives rise to BC Hydro's concerns. BCOAPO justifies the breadth of its request primarily on the basis of BC Hydro's application to revise the distribution tariff to remove the anomaly relating to security for system reinforcements as between distribution and transmission voltage customers. For the reasons set out above in response to AMPC, that thin reed cannot support a request to turn the DCAT proceeding into an overall inquiry relating to rate design.

BCOAPO also suggested that it has serious concerns about stranded assets and unfair subsidies resulting from the rate structure. BC Hydro has provided extensive evidence relating to the risk of stranded assets and the steps it has taken to eliminate that risk. It has not raised relevancy concerns with respect to questions relating to those arrangements.

With respect to unfair subsidies, BC Hydro similarly does not object to any questions probing the manner in which customers within the Dawson Creek area will be served. It does however assert that the determination of what is "fair" treatment has already been made by the BCUC when it approved the existing tariffs and the DCAT hearing should proceed on the assumption that DCAT area customers will be served in compliance with the tariff.

### **3. Commercial Energy Consumers of B.C. (CEC)**

CEC does not intend to file evidence in the proceeding and does not appear to object to reactivating the application but suggests that no restrictions should be placed on information requests until after the procedural conference. BC Hydro will deal with those submissions below.

### **4. West Moberly First Nations (WMFN)**

WMFN acknowledges that consultations between it and BC Hydro have progressed since the proceeding was suspended but continues to insist that the evidentiary portion of the proceeding should not close until it is able to file with the BCUC the impact assessment study (**IAS**) that will be complete by June 30, 2012. BC Hydro continues to believe that the IAS does not need to be complete in order for the BCUC to render a decision in connection with this application. BC Hydro does acknowledge that, depending on the schedule of the proceeding, the IAS may be complete before the evidentiary record closes and BC Hydro has no objection to it being filed as part of the record if that is so. BC Hydro would continue to object to delaying the proceeding in order to permit the filing of that evidence. However, given that this issue has been fully argued and the BCUC has reserved decision and given that there may well be no practical significance to the difference of view between WMFN and BC Hydro in connection with the treatment of IAS, BC Hydro suggests that there is no need to resolve this issue at this time and the concerns raised by WMFN can be dealt with later and only if necessary.

## 5. Future Process

In light of the submissions filed on April 3, 2012, BC Hydro suggests that the following steps should be taken in connection to reactivating the DCAT proceeding:

<b>Proposed Due Date</b>	<b>Task/Filing</b>
April 10, 2012	BCUC's decision on reactivation outlining the general scope of the inquiry as it relates to the five issues identified in Exhibit B-22;
April 17, 2012	BC Hydro's identification of those round three IRs that it believes it has answered, and those which it believes are out of scope or no longer relevant in light of the passage of time and the new evidence that has been filed;
April 24, 2012	The Commission panel, staff and interveners will issue IRs on the new evidence and reissue any Round 3 IRs to which BC Hydro has not objected or in respect of which they challenge BC Hydro's objection;
May 1, 2012	Procedural Conference at which any disputes with respect to the IRs will be resolved and any outstanding procedural issues decided;
May 22, 2012	BC Hydro to file responses to all outstanding IR's that are required to be answered;
May 29, 2012	Intervener evidence to be filed;
June 5, 2012	IRs to Interveners;
June 19, 2012	Intervener IR responses.

While BC Hydro does not yet take a position on whether an oral hearing will be required, BC Hydro would like for planning purposes to establish a date for such a hearing to commence if required. Based on the schedule above, BC Hydro requests that any oral portion of the hearing commence on July 3, 2012 or so soon thereafter as the BCUC can accommodate. If that schedule is adhered to, BC Hydro will not object to the WMFN IAS being filed on July 3, 2012 and will address any questions it may have on that report through cross examinations if required.

If this general approach is adopted, BC Hydro joins those that see no need for a procedural conference at this time.

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For further information, please contact Geoff Higgins at 604-623-4121 or by e-mail at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Janet Fraser  
Chief Regulatory Officer

cf/ma

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